



State of Wisconsin • DEPARTMENT OF REVENUE

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Scott Walker
Governor

Richard G. Chandler
Secretary of Revenue

Economic Development Tax Credit SS SB4 and SS AB 4 January 11, 2011

Goal: Encourage businesses to relocate to Wisconsin or to expand employment and investment in Wisconsin

Proposal: Expand Economic Development Tax Credit by an additional \$25 million

Points to Consider:

- There is considerable competition among states for employment and investment. Tax incentives are a common form of development incentive throughout the country.
- The Economic Development Credit gives tax credits for firms relocating or retaining corporate headquarters or expanding employment or capital investment in the state.
- As the pace of economic activity picks up, and as Wisconsin re-doubles its economic development efforts, expansion and relocation activity will increase beyond current levels.
- An expansion of the amount available for the tax credit is desirable to ensure that the principal tax incentives for economic development are readily available.
- Expanding the economic development credit is also a clear signal that Wisconsin is open for business.

Testimony of Secretary Paul Jadin
Assembly Committee on Jobs, Economy and Small Business
January 2011 Special Session Assembly Bill 4 and Assembly Bill 7
January 11, 2011

Thank you Chairwoman Williams and committee members. I appreciate the opportunity to speak to you today.

Your willingness to hold a prompt hearing on this legislation demonstrates your shared commitment with Governor Walker to address the need to implement aggressive job creation efforts on an expedited timeline.

As the appointed secretary of the state agency responsible for fostering economic development and job creation, I am appearing today in support of Special Session Assembly Bill 4, and Assembly Bill 7.

As you know, AB 4 increases the allowable allocation in the economic development tax credit program by \$25 million for a total of \$100 million. The types of activities eligible for this credit include many that meet the very purpose of this special session – namely job creation, capital investment and workforce training.

The tax credit provided in AB 7 is targeted at the smallest of businesses, those with gross receipts under \$500,000. As a first step in the Administration's efforts to reduce the tax burden for families and businesses of all sizes, the goal of this initiative is to allow these operations to survive in these difficult times, while we continue our efforts to provide an economic climate in which they can one day thrive and expand.

Both the Walker Administration and the Legislature, and members of both parties, have stressed that our most urgent policy-making focus must be on job creation. In the series of bills that comprise the special session package, the legislation before you today reflect key initiatives that will spur job growth in the near term. As the state and nation look to a long-term economic recovery, we need to position Wisconsin to take maximum advantage of those opportunities to improve the climate for job growth.

Again, thank you for your consideration. I look forward to your continued progress on these bills, and will be glad to respond to any comments or questions at this time.



Testimony submitted on Tuesday, January 11, 2011 before the

Assembly Jobs, Economy and Small Business Committee

in support of January 2011 Special Session Small Business Tax Relief Legislation

Good afternoon.

Chairwoman Williams and members of the Assembly Jobs, Economy and Small Business Committee, my name is Brian Dake, Legislative Director for Wisconsin Independent Businesses. On behalf of WIB and its 12,000 members, I am here to testify in support of January 2011 Special Session small business tax relief legislation.

During these tough economic times, small businesses across Wisconsin are struggling to survive. Keeping the business going from day-to-day, month-to-month is their primary goal. As a result, investments to help the business grow are set aside and valued employees are let go and those that remain on the payroll are being asked to take pay cuts or contribute more towards their company-sponsored health insurance and retirement benefits. These are far from ideal choices but small business owners have very few options when the money is not coming in. Needless to say, they are anxiously hoping for brighter days ahead and there is cause for optimism.

This legislation will put \$40 million a year back in the hands of 98% of all Wisconsin small businesses. As we have seen in the past, allowing small businesses to keep more of their hard-earned money is a recipe for job growth and prosperity because the majority of this money will be spent locally on new equipment, better facilities and wages for existing and new workers.

We fully realize this is not designed to solve every challenge small employers face. However, it is a terrific demonstration that Governor Walker and hopefully this legislature understand that we need a consistent and growing effort to reform our tax laws, our regulatory codes and our tort laws to fundamentally improve our business climate.

The small business tax relief proposal is an investment in a stronger economy and an important step towards improving Wisconsin's business climate.